

Appendix II. Background on MTCS Reporting Policy and HUD Monitoring of PHA Operations

HUD issued Notice PIH 99-2 (HA) on January 28, 1999, to clarify the Form HUD-50058 reporting policy. PHAs under contract to receive and spend funds for public housing operations and Section 8 tenant-based assistance must submit data on the Form HUD-50058 to HUD electronically. Each month, HUD determines PHAs' reporting rates with respect to families assisted in public housing and Section 8 certificates and vouchers. Reporting performance is determined separately for public housing and Section 8. The minimum reporting rate is 85 percent for each program. If a PHA does not meet or surpass the minimum reporting rate at the time of a semi-annual assessment (following the June and December semi-annual assessments), the PHA is subject to sanctions.

On May 17, 1999, HUD issued Processing Guidelines to more fully implement Notice PIH 99-2. The guidelines detail a three-step implementation process:

- Step 1.0: Monitor MTCS Reporting and Assist PHAs
- Step 2.0: Semi-Annual Assessments and Forbearance
- Step 3.0: Review and Sanctions

This document replaces the May 17, 1999, processing guidelines and provides further clarification of Step 3: Review and Sanctions – in particular, methods available to Field Offices and Troubled Agency Recovery Centers (TARCs) for dealing with PHAs that do not achieve the minimum reporting levels *and* do not obtain forbearance from sanctions.

These processing guidelines encourage Field Offices and TARCs to monitor and provide technical assistance to PHAs with respect to MTCS throughout the year, not just following the semi-annual assessment. Field Offices and TARCs are authorized generally to monitor and review any PHA operations related to MTCS. For example, consider the following references to PHA monitoring in HUD handbooks and other guidance:

- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Chapter 6. Problem Resolution. 6-2(B). If the PHA and local leadership lack the capacity and/or commitment to improve PHA outcomes, the Field Office should consider whether to initiate targeted interventions in order to create the necessary conditions for change.
- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Chapter 7. Targeted Interventions. Examples of circumstances for which targeted intervention is allowed include ACC violation, resistance to review a monitoring report, unwillingness to work with HUD, and repeated failure to achieve overall improvement.
- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Chapter 12. Sanctions.
- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Introduction. This Chapter addresses sanctions available to HUD if a PHA fails to comply with Federal regulatory requirements and provisions of Part II of the Annual Contributions Contract (ACC) applicable to its performance, or in the case of a Troubled PHA, where it fails to perform in accordance with its MOA.

- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Substantial Default or Substantial Breach Sanctions. [S]anctions may be imposed, i.e., freezing of the PHA's bank accounts and funds, seeking court appointment of a Receiver, taking offenses or other violations. Specific causes and conditions applicable to these sanctions are found in 24 CFR part 24, and pertain to the PHA, specific employees of the PHA, or individuals doing business with the PHA, including contractors, attorneys, or consultants.